

RECORDATION NO. 14813-2
AUG 21 1989 - 12 20 PM
INTERSTATE COMMERCE COMMISSION

FIRST AMENDMENT TO SECURITY AGREEMENT-ASSIGNMENT

This First Amendment to Security Agreement-Assignment ("First Amendment") is entered into as of the 7th day of June 1989 by and between Bobby E. Atnip, as Independent Executor of the Estate of Terence John Raymond, whose address is 9519 Arcade, Spring, Texas 77373 and Texas Commerce Bank National Association, whose address is 712 Main Street, Houston, Texas 77002.

RECITALS:

Terence John Raymond, a/k/a Terence J. Raymond or Terence Raymond entered into a Security Agreement-Assignment dated as of June 25, 1985 ("Security Agreement") with Texas Commerce Bank-Inwood, National Association ("TCB-Inwood"). A copy of the Security Agreement is attached hereto as Exhibit A. Pursuant to the Security Agreement, Terence John Raymond granted TCB-Inwood a security interest in certain collateral to secure certain indebtedness due to TCB-Inwood. Reference is made to the Security Agreement for the description of the collateral and secured indebtedness.

Since the Security Agreement was executed, (i) Terence John Raymond has died and Bobby E. Atnip has been appointed independent executor of his estate; (ii) TCB-Inwood has become a branch bank of Texas Commerce Bank National Association; and (iii) the secured indebtedness has been renewed from time to time.

AGREEMENTS:

Accordingly, the parties hereto agree as follows:

1. The term "Debtor" in the Security Agreement shall hereafter mean the Estate of Terence John Raymond and Bobby E. Atnip, as Independent Executor of the Estate of Terence John Raymond. The address of the Debtor shall be 9519 Arcade, Spring, Texas 77373.
2. The term "Secured Party" in the Security Agreement shall hereafter mean Texas Commerce Bank National Association. The address of the Secured Party shall be 712 Main Street, Houston, Texas 77002.
3. The terms "secured indebtedness" or "indebtedness secured hereby" shall include that certain promissory note dated June 7, 1989 in the principal amount of \$14,863.89 executed by the Estate of Terence John Raymond and payable to the order of Texas Commerce Bank National Association and any substitutions, renewals, extensions, modifications or renewals of said note.

4. Bobby E. Atnip by his execution of this First Amendment represents and warrants that he has been appointed the Independent Executor of the Estate of Terence John Raymond and that he has the authority to execute this First Amendment and any promissory notes evidencing the indebtedness secured hereby on behalf of the Estate of Terence John Raymond.
5. All other terms and conditions of the Security Agreement, unless specifically modified hereby, remain in full force and effect.
6. This First Amendment shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America.

EXECUTED effective as of the 7th day of June, 1989.

ESTATE OF TERENCE JOHN RAYMOND

By: Bobby E. Atnip
Bobby E. Atnip as Independent
Executor

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION

By: Dave Martin
Name: DAVE MARTIN
Title: VICE PRESIDENT

SECURITY AGREEMENT - ASSIGNMENT

TERENCE J. RAYMOND, (herein called the "Debtor"), whose address is 17207 Windypine, Spring, Texas 77379, and TEXAS COMMERCE BANK-INWOOD, NATIONAL ASSOCIATION, a national banking association (hereinafter called "Secured Party"), whose address is 6510 West Little York, Houston, Texas 77238, agree as follows:

SECTION I. Creation of Security Interest.

In order to secure the prompt and unconditional payment of the indebtedness herein referred to and the performance of the obligations, covenants, agreements and undertakings of Debtor herein described, Debtor hereby grants to Secured Party a security interest in, and mortgages, assigns, transfers, delivers, pledges, sets over and confirms to Secured Party, the Collateral described in Section III of this Agreement.

SECTION II. Secured Indebtedness.

This Agreement is made to secure and enforce the payment and performance of all indebtedness now or hereafter existing and evidenced by that certain promissory note of even date herewith in the original principal sum of \$49,200.00, said note being executed by Debtor, payable to the order of Secured Party (which note, together with all notes given in substitution therefor or in renewal, extension, modification or rearrangement thereof, is herein called the "Note"), whether such debts, obligations or liabilities be direct or indirect, primary or secondary, joint or several, fixed or contingent, whether originally payable to Secured Party or to a third party and subsequently acquired by Secured Party and whether such debts, obligations or liabilities are evidenced by note, open account, overdraft, endorsement, surety agreement, guaranty or otherwise, it being contemplated that Debtor may hereafter become indebted to Secured Party in further sum or sums. All such indebtedness is hereinafter sometimes called the "secured indebtedness" or the "indebtedness secured hereby".

SECTION III. Collateral.

The Collateral of this Agreement is

(i) all of Debtor's right, title and interest of every kind and character now owned or hereafter acquired in and to or arising out of or in connection with those three (3) certain Management Agreements dated March 27, 1985, May 1, 1985 and May 3, 1985, between Debtor and GLNX Corporation, as the same may be amended or supplemented from time to time collectively (the "Contracts") and all rights, remedies, powers, privileges vested in Debtor under the Contracts; and

(ii) all of Debtor's right, title and interest in and to the profits, income, surplus, moneys and revenues of any kind accruing, and all accounts arising, under or in respect of the Contracts; and

(iii) all of Debtor's right, title and interest in and to any and all security for or claims against others in respect of the Contracts; and

(iv) all accounts receivable and general intangibles now or hereafter due and to become due to Debtor by virtue of the Contracts; and

(v) all of the proceeds and products of any, of the foregoing.
The inclusion of proceeds in this Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by this Agreement.

SECTION IV. Payment Obligations of Debtor.

A. Debtor shall make prompt payment, as the same becomes due, of the Note and of all other indebtedness secured hereby in accordance with the terms and provisions of the Note and of the agreement or agreements evidencing such indebtedness.

B. Debtor shall pay to Secured Party immediately on demand all expenses and expenditures, including attorneys' fees and other legal expenses, incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Agreement or in seeking to collect the indebtedness secured hereby or to enforce its rights hereunder, plus interest thereon from the date of demand until paid at the Past Due Rate (as such term is defined in the Note.)

SECTION V. Warranties and Representations of Debtor.

Debtor warrants and represents that:

(a) Debtor is the owner of the Collateral and has the legal right and authority to assign and transfer, and grant a security interest in, the Collateral in the manner and form hereby done or intended. Debtor will defend the Collateral against the claims and demands of all persons or entities claiming or to claim the same or any part thereof or interest therein.

(b) All information, reports, statements and other data furnished by or on behalf of Debtor prior to, contemporaneously with, or subsequent to the execution of this Agreement or in connection with the indebtedness secured hereby are and shall be true and correct and do not and shall not omit to state any fact or circumstance necessary to make the information contained therein not misleading.

(c) No financing statement covering any of the Collateral or its proceeds is on file in any public office; except for the security interest granted in this Agreement, there is no lien, security interest or encumbrance in or on the Collateral.

(d) The location of Debtor is the address herein set forth. In this regard, Debtor's location is defined to mean (1) Debtor's place of business if Debtor has only one such place of business; (2) Debtor's chief executive office if Debtor has more than one place of business; or (3) Debtor's residence if Debtor has no place of business.

(e) Debtor is now in a solvent condition, and no bankruptcy or insolvency proceedings are pending or contemplated by or against Debtor.

(f) Debtor has heretofore obtained the written consent of all necessary parties, if any, required to be obtained under the Contract or otherwise to authorize the assignment, transfer and pledge of the Collateral evidenced by this Agreement. Debtor agrees to furnish to Secured Party all executed original written consents, if any, required as a condition precedent to the creation of this security interest promptly upon request by Secured Party.

(g) The execution, delivery and performance of this Agreement do not and will not contravene or violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect and applicable to Debtor or result in a breach of or constitute a default (with or without the giving of notice or the lapse of time or both) under any indenture or any loan, credit or other agreement to

which Debtor is a party or by which Debtor or any of Debtor's property may be bound or affected.

(h) Debtor has not executed any prior assignment with respect to the Collateral, nor has Debtor performed any act or executed any other instrument which might prevent Secured Party from enjoying the benefits of this Agreement or which would limit Secured Party in such enjoyment.

(i) Each of the Contracts is a valid and legally binding obligation of the persons executing the same, enforceable in accordance with its terms.

(j) A true, correct and complete copy of each of the Contracts is attached hereto as Exhibits A - C. None of the Contracts have been amended or modified (except as reflected in such exhibit) and each of the Contracts remains in full force and effect.

SECTION VI. Covenants and Agreements of Debtor.

Debtor covenants and agrees that:

(a) Debtor will notify Secured Party in writing thirty (30) days prior to any addition, change and/or discontinuance of (i) its address as shown in this Agreement; (ii) Debtor's location as set forth in this Agreement; or (iii) Debtor's name; or (iv) Debtor's partnership structure.

(b) The Collateral will not be sold, transferred or disposed of by Debtor or be subject to any unpaid charge, including rent and taxes, or any subsequent interest of a third person, created or suffered by Debtor, voluntarily or involuntarily.

(c) Debtor will:

(1) deliver and pledge to Secured Party from time to time upon demand, endorsed and/or accompanied by such instruments of assignment and transfer as Secured Party may require, any and all such instruments, documents and/or chattel paper relating to any of the Collateral as Secured Party may specify in its demand;

(2) at Debtor's expense, give, execute, deliver, file and/or record and re-record (and pay the cost of filing, recording or re-recording in all public offices deemed necessary by Secured Party) any notice, statement, financing statement, continuation statement, instrument, document, agreement or other paper that may be necessary or desirable, or that Secured Party may reasonably request, in order to create, continue, preserve, perfect or validate the security interest created hereby (free and clear of all liens, claims and rights of third parties whatsoever) or to enable Secured Party to exercise and enforce its rights hereunder with respect to such security interest, or otherwise further to effect the purposes of this Agreement;

(3) at Debtor's expense, do, make, procure, execute, endorse and deliver all acts, things, writings and assurances as Secured Party may at any time reasonably require to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Agreement;

(4) keep and stamp or otherwise mark any and all instruments, documents and chattel paper and its individual books and records relating to any of the Collateral in such a manner as Secured Party may reasonably require;

(5) keep, at its location set forth herein, all Debtor's books and records pertaining to the Collateral, which books and records will be of such character as will enable Secured Party or its representatives to determine at any time the status of the Collateral, and permit representatives of Secured Party at any time to inspect, audit and make abstracts from and copies of its books and records and all other papers in the possession of Debtor pertaining to any of the Collateral;

(6) furnish to Secured Party such information concerning the Collateral as Secured Party may from time to time request (including, but not limited to, copies of all changes in the Contract which may be permitted by Secured Party); and

(7) if requested by Secured Party in respect of any demand made pursuant to the foregoing Subsection 1 or 2 of this subsection (c), deliver to Secured Party an opinion of counsel satisfactory to Secured Party (i) stating that all action then required to be taken under said Subsection 1 or 2, as the case may be, to effect the purposes therein stated in respect of such demand has been taken, and reciting the details of such action, and (ii) stating that the documents delivered to Secured Party in respect of such action adequately and properly effect such action.

(d) Debtor will pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become a part of the indebtedness secured hereby and shall be paid by Debtor to Secured Party immediately and without demand, together with interest thereon from the date expended at the Past Due Rate.

(e) Until such time as Secured Party shall notify Debtor of the revocation of such power and authority, Debtor will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, including the taking of such action with respect to such collection as Secured Party may reasonably request or, in the absence of such request, as would be prudent. Secured Party, however, may at any time, whether before or after any revocation of such power and authority or the maturity of any of the indebtedness secured hereby, notify any party to the Contract to make payment directly to Secured Party of any amounts due or to become due to Debtor with respect to any of the Collateral.

(f) Debtor will (except as Secured Party may otherwise consent in writing) forthwith upon receipt transmit and deliver to Secured Party, in the form received, all cash, checks, drafts, chattel paper and other instruments or writings for the payment of money (properly endorsed, where required, so that such items may be collected by Secured Party) which may be received by Debtor at any time as proceeds of any of the Collateral. Except as Secured Party may otherwise consent in writing, any such items which may be received by Debtor will not be commingled with any other of its funds or property, but will be held separate and apart from its own funds and property and upon express trust for Secured Party until delivery is made to Secured Party. Debtor will comply with the terms and conditions of any consent given by Secured Party pursuant to the provisions of this paragraph.

(g) Debtor will: (i) perform or cause to be performed all of the terms, covenants and conditions on its part to be performed under the Contract; (ii) promptly notify Secured Party in writing of (x) the occurrence of any default (of which Debtor has knowledge) in the observance or performance of any of the terms, covenants and conditions to be performed under the Contract, (y) the giving of any notice of any such default, and (z) the receipt of any written notice with respect to the Contract; and (iii) whenever required by Secured Party, at the sole cost and expense of Debtor, take all such action as may be so requested to enforce or secure the performance of any term, covenant or condition of any of the Collateral, and to exercise any right of Debtor under the Contract.

(h) Debtor will not, without the prior written consent of Secured Party:

- (i) terminate or cancel all or any part of the Collateral,
- (ii) reduce any payment required to be made to Debtor under any of the Collateral,
- (iii) revise, alter, modify, amend or change all or any of the Collateral in any way, either orally or in writing, or
- (iv) waive any condition in respect of, or release any person with respect to, the Collateral or the performance or observance of any obligation or condition thereunder.

SECTION VII. No Assumption by Secured Party.

It is expressly agreed that, anything herein contained to the contrary notwithstanding, Debtor shall remain liable under each of the Contracts to perform all of the obligations assumed by it thereunder, and Secured Party shall have no obligation or liability under any of the Contracts by reason of or arising out of this Agreement, nor shall Secured Party be required or obligated by reason of this Agreement in any manner to perform or fulfill any obligation of Debtor under or pursuant to any of the Contracts, or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it to which it may be entitled at any time or times.

SECTION VIII. Assignment of Payments.

Debtor hereby specifically authorizes and directs all persons to make payment of all amounts due and to become due to Debtor in respect of the Collateral directly to Secured Party, and Debtor hereby constitutes Secured Party, and its successors and assigns, Debtor's true and lawful attorney, irrevocably, with full power (in the name of Debtor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all such amounts which may be or become due under or arising out of any of the Contracts, to endorse any checks or other instruments or orders in connection therewith and in its discretion to file any claims or take any action or institute any proceedings which Secured Party may deem to be necessary or advisable.

SECTION IX. Events of Default.

Debtor shall be in default under this Agreement upon the occurrence of any of the following events or conditions (hereinafter called "Event of Default"):

(a) Any representation or warranty made in or in connection with the execution and delivery of this Agreement, the Note or any other instrument now or hereafter securing or guaranteeing the indebtedness secured hereby or in any certificate furnished in connection with such indebtedness shall prove to have been materially incorrect, false or misleading on the date as of which made; or

(b) Default shall occur in the punctual and complete performance of any covenant of Debtor or any other person contained in the Note, this Agreement or in any other instrument now or hereafter securing or guaranteeing the indebtedness secured hereby; or

(c) Debtor or any other person shall claim, or any court shall find or rule, that Secured Party does not have a valid lien on any security which may have been provided by Debtor or such other person for the indebtedness secured hereby; or

(d) The sale, encumbrance or abandonment of any property now or hereafter covered by this Agreement or any other

instrument now or hereafter securing or guaranteeing the indebtedness secured hereby; or the making of any levy, seizure or attachment thereof or thereon; or the loss, theft, substantial damage or destruction of any such property; or

(e) Debtor shall have concealed, removed, or permitted to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or made or suffered a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or shall have made any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid or shall have suffered or permitted, while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings or distraint which is not vacated within thirty days from the date thereof.

SECTION X. Remedies.

Upon the occurrence of an Event of Default, and at any time thereafter:

(a) Secured Party shall have the option of declaring, without notice to any person, all indebtedness secured hereby, principal and accrued interest, to be immediately due and payable.

(b) Secured Party may, without notice except as hereinafter provided, sell the Collateral or any part thereof at public or private sale for cash, upon credit, or for future delivery, and at such price or prices as Secured Party may deem best, and Secured Party may be the purchaser of any and all of the Collateral so sold and may apply upon the purchase price therefor any indebtedness secured hereby or any part thereof in such manner and order as Secured Party may in its sole discretion elect and thereafter hold the same absolutely free from any right or claim of whatsoever kind. Secured Party is authorized at any such sale, if Secured Party deems it advisable so to do, to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or resale of any of the Collateral. Upon any such sale Secured Party shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right of whatsoever kind, including any equity or right of redemption, stay or appraisal which Debtor has or may have under any rule of law or statute now existing or hereafter adopted. Secured Party shall give Debtor five (5) days written notice mailed to Debtor at the address set forth herein (which shall satisfy any requirement of notice or reasonable notice in any applicable statute) of Secured Party's intention to make any such public or private sale. Such notice, in case of public sale, shall state the time and place fixed for such sale. Any such public sale shall be held at such time or times, within the ordinary business hours and at such place or places, as Secured Party may fix in the notice of such sale. At any sale the Collateral may be sold in one lot as an entirety or in separate parcels as Secured Party may determine. Secured Party shall not be obligated to make any sale pursuant to any such notice. Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at any time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Secured Party

until the selling price is paid by the purchaser thereof, but Secured Party shall incur no liability in case of the failure of such purchaser to take up and pay for the Collateral so sold, and in case of any such failure, such Collateral may again be sold upon like notice. Each and every method of disposition described in this Section shall constitute disposition in a commercially reasonable manner. Debtor shall remain liable for any deficiency.

(c) Secured Party shall have all the rights of a secured party after default under the Uniform Commercial Code of Texas, and in conjunction therewith, in addition to or in substitution for those rights and remedies and the rights and remedies provided for herein:

(1) written notice mailed to Debtor as provided herein five (5) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; and

(2) it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; and

(3) the proceeds of disposition of the Collateral shall be applied to the secured indebtedness (which shall include the expenses of retaking, holding, preparing for sale, selling, and the like and all attorneys' fees and legal expenses incurred by Secured Party), in whatever order of preference which Secured Party in its sole discretion may choose, Debtor to remain liable for any deficiency; and

(4) the sale by Secured Party of less than the whole of the Collateral shall not exhaust the rights of Secured Party hereunder, and Secured Party is specifically empowered to make successive sale or sales hereunder until the whole of the Collateral shall be sold; and, if the proceeds of such sale of less than the whole of the Collateral shall be less than the aggregate of the indebtedness secured hereby, this Agreement and the security interest created hereby shall remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made; and

(5) in the event any sale hereunder is not completed or is defective in the opinion of Secured Party, such sale shall not exhaust the rights of Secured Party hereunder and Secured Party shall have the right to cause a subsequent sale or sales to be made hereunder; and

(6) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the indebtedness or as to the occurrence of any default, or as to Secured Party having declared all of such indebtedness to be due and payable, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, as to any other act or thing having been duly done by Secured Party shall be taken as prima facie evidence of the truth of the facts so stated and recited; and

(7) Secured Party may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Secured Party, including the sending of notices and the conduct of sale, but in the name and on behalf of Secured Party.

SECTION XI. Additional Agreements.

Debtor further agrees and covenants as follows:

(a) If all of the secured indebtedness be paid as the same becomes due and payable and if all of the covenants, warranties, undertakings and agreements made in this Agreement are kept and performed, then and in that event only, all rights under this Agreement shall terminate and the Collateral shall become wholly clear of the security interest evidenced hereby, and such security interest shall be released by Secured Party in due form at Debtor's cost.

(b) Secured Party may waive any default without waiving any other prior or subsequent default. Secured Party may remedy any default without waiving the default remedied. The failure by Secured Party to exercise any right, power or remedy upon any default shall not be construed as a waiver of such default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Secured Party of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Debtor therefrom shall in any event be effective unless the same shall be in writing and signed by Secured Party, and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the extent therein specified. No notice to nor demand on Debtor in any case shall of itself entitle Debtor to any other or further notice of demand in similar or other circumstances. Acceptance by Secured Party of any payment in an amount less than the amount then due on any secured indebtedness shall be deemed an acceptance on account only and shall not in any way affect the existence of a default or Event of Default hereunder.

(c) Secured Party may at any time and from time to time in writing (i) waive compliance by Debtor with any covenant herein made by Debtor to the extent and in the manner specified in such writing; (ii) consent to Debtor doing any act which hereunder Debtor is prohibited from doing, or consent to Debtor failing to do any act which hereunder Debtor is required to do, to the extent and in the manner specified in such writing; (iii) release any part of the Collateral, or any interest therein from the security interest of this Agreement or (iv) release any party liable, either directly or indirectly, for the secured indebtedness or for any covenant herein or in any other instrument now or hereafter securing the payment of the secured indebtedness. No such act shall in any way impair the rights of Secured Party hereunder or impair or release the liability of any party except to the extent specifically agreed to by Secured Party in such writing.

(d) All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other instrument securing the payment of the secured indebtedness, or any part thereof, or otherwise benefiting Secured Party, and the resort to any remedy provided for hereunder or under any such other instrument or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

(e) Secured Party may resort to any security given by this Agreement or to any other security now existing or hereafter

given to secure the payment of the secured indebtedness, in whole or in part, and in such portions and in such order as may seem best to Secured Party in its sole and uncontrolled discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits or security interests evidenced or created by this Agreement.

(f) Secured Party may at any time cause any or all of the Collateral to be transferred into its name or into the name or names of any nominee or nominees of Secured Party.

(g) Secured Party in its discretion may, whether or not any of the indebtedness secured hereby be due, in its name or in the name of Debtor or otherwise, demand, sue for, collect or receive any money or other property at any time payable or receivable on account of or in exchange for, or make any compromise settlement deemed desirable with respect to, any of the Collateral, but Secured Party shall be under no obligation so to do.

(h) If Debtor shall fail to perform any of its obligations in this Agreement, Secured Party, at any time and from time to time, may (but shall not be obligated to) make advances to effect performance of any obligations on behalf of Debtor. All moneys so advanced, together with interest at the Past Due Rate, shall be repaid by Debtor upon demand and shall be secured hereby. No such advance shall relieve Debtor from default hereunder.

(i) To the full extent Debtor may do so, Debtor agrees that Debtor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, extension or redemption, and Debtor, for Debtor, Debtor's successors, receivers, trustees and assigns, and for any and all persons ever claiming any interest in the Collateral, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of intention to mature or declare due the whole of the secured indebtedness, and all rights to a marshaling of the assets of Debtor, including the Collateral, or to a sale in inverse order of alienation in the event of foreclosure of the security interest hereby created.

(j) The security interest and other rights of Secured Party hereunder shall not be impaired by any indulgence, moratorium or release granted by Secured Party, including but not limited to (i) any renewal, extension or modification which Secured Party may grant with respect to any secured indebtedness, (ii) any surrender, compromise, release, renewal, extension, exchange or substitution which Secured Party may grant in respect of any item of the Collateral, or any part thereof or any interest therein, or (iii) any release or indulgence granted to any endorser, guarantor or surety of any secured indebtedness. No sale of the Collateral, no forbearance on the part of Secured Party, and no extension of the time for the payment of the indebtedness secured hereby given by Secured Party shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Debtor or any other person hereunder or for the payment of the indebtedness secured hereby, except as agreed in writing by Secured Party.

(k) A carbon, photographic or other reproduction of this Agreement or of any financing statement relating to this Agreement shall be sufficient as a financing statement.

(l) In the event the ownership of the Collateral or any part thereof becomes vested in a person other than Debtor, Secured Party may, without notice to Debtor, deal with such person with

reference to this Agreement and to the indebtedness secured hereby in the same manner as with Debtor, without in any way vitiating or discharging Debtor's liability hereunder or for the payment of the indebtedness secured hereby.

(m) If any part of the secured indebtedness cannot be lawfully secured by this Agreement or if any part of the Collateral cannot lawfully subject to the security interest hereof to the full extent of such indebtedness, then all payments made on said indebtedness shall be applied first in discharge of that portion thereof which is not secured by this Agreement.

(n) Secured Party may assign this Agreement so that the assignee shall be entitled to the rights and remedies of Secured Party hereunder and in the event of such assignment, Debtor will assert no claims or defenses it may have against the assignee except those granted in this Agreement.

(o) Any notice, request, demand or other communication required or permitted hereunder, or under any note, guaranty or loan agreement, or under any other instrument securing the payment of any note, guaranty or loan agreement (unless otherwise expressly provided therein) shall be given in writing by delivering same in person to the intended addressee, or by depositing the same in a receptacle maintained by the United States Postal Service, postage prepaid, registered or certified mail, return receipt requested, or by prepaid telegram (provided that such telegram is confirmed by mail in the manner previously described), sent to the intended addressee at the address shown in this Agreement, or to such different address as the addressee shall have designated by written notice sent in accordance herewith and actually received by the other party at least ten days in advance of the date upon which such change of address shall be effective.

(p) This Agreement shall be binding upon Debtor, and the successors, receivers, trustees and assigns of Debtor, including all successors in interest of Debtor in and to all or any part of the Collateral, and shall inure to the benefit of Secured Party and the successors and assigns of Secured Party.

(q) Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

(r) Secured Party may, by any employee or employees it designates, execute, sign, endorse, transfer or deliver in the name of Debtor, notes, checks, drafts or other instruments for the payment of money and receipts or any other documents necessary to evidence, perfect and realize upon the security interests and obligations of this Agreement.

(s) Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as Debtor requests in writing, but failure of Secured Party to comply with such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of Secured Party to take any action not so requested by Debtor shall be

deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

(t) Secured Party shall not be responsible in any way for any depreciation in the value of the Collateral, nor shall any duty or responsibility whatsoever rest upon Secured Party to take any steps to preserve rights against prior parties or to enforce collection of the Collateral by legal proceedings or otherwise, the sole duty of Secured Party, its successors and assigns, being to receive collections, remittances and payments on such Collateral as and when made and received by Secured Party, and, at Secured Party's option, to apply the amount or amounts so received, after deduction of any collection costs incurred, as payment upon any of the indebtedness secured hereby or to hold the same for the account and order of Debtor.

(u) In the event Debtor instructs Secured Party, in writing or orally, to deliver any or all of the Collateral to a third person, and Secured Party agrees to do so, the following conditions shall be conclusively deemed to be a part of Secured Party's agreement, whether or not they are specifically mentioned to Debtor at the time of such agreement. Secured Party shall assume no responsibility for checking the genuineness or authenticity of any person purporting to be a messenger, employee or representative of such third person to whom Debtor has directed Secured Party to deliver the Collateral, or the genuineness or authenticity of any document of instructions delivered by any such person. Debtor will be considered by requesting any such delivery to have assumed all risk of loss as to the Collateral. Secured Party's sole responsibility will be to deliver the Collateral to the person purporting to be such third person described by Debtor, or a messenger, employee or representative thereof. Secured Party and Debtor hereby expressly agree that the foregoing actions by Secured Party shall constitute reasonable care.

(v) The term "Debtor" as used in this Agreement shall be construed as singular or plural to correspond with the number of persons executing this Agreement as Debtor. The pronouns used in this Agreement are in the masculine or neuter genders but shall be construed as feminine, masculine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this Agreement include the successors, receivers, trustees and assigns of those parties.

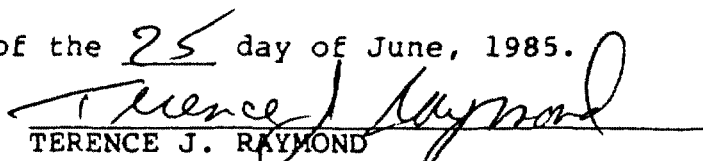
(w) The section headings appearing in this Agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Agreement. Terms used in this Agreement which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

(x) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America.

EXECUTED effective as of the 25 day of June, 1985.

Address of Debtor:

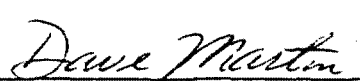
17207 Windypine
Spring, Texas 77379


TERENCE J. RAYMOND

Address of Secured Party:

TEXAS COMMERCE BANK-INWOOD NATIONAL
ASSOCIATION

6510 West Little York
Houston, Texas 77238

By: 
Name: Dave Martin
Title: Executive Vice President

Exhibits:

A - C - The Contracts